GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:701
ANSWERED ON:03.03.2008
REDUCTION IN POSTAL SAVING SCHEMES
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether there is any reduction in deposits in postal Saving Schemes in the country during the last two years;

(b) if so, the details thereof, Scheme-wise;

(c) whether several lakhs of small account holders have withdrawn money from various postal saving schemes;

(d) if so, the reasons therefor; and

(e) the steps taken/being taken by the Government to make postal saving schemes more attractive?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) Yes, Sir.

(b) The scheme-wise details of postal saving schemes in which reduction in deposit was noticed during the last two years are given in the Annexure.

(c) There is an overall increase in number of account holders of post office small savings bank schemes.However,increasing trend in the amount of withdrawal in these schemes is also observed.

(d) The increasing trend in withdrawals refer to inter alia, investor`s choice of alternative instruments for effecting personal savings.

(e) In the recent past, the Government has taken following steps to make the small savings schemes more attractive and investor friendly: -

(i) The restriction on opening of more than one account during a calendar month under the Senior Citizens Savings Scheme has been removed with effect from 24th May, 2007.

(ii) All categories of pensioners have been allowed to open and maintain `Pension Account` under Post Office Savings Account Rules, with effect from 11th July, 2007.

(iii) The penalty on pre-mature withdrawal of deposits under the Post Office Monthly Income Account (POMIA) Scheme has been rationalized from 3.5% to 2% on withdrawal on or before expiry of three years and 1% on withdrawal after expiry of three years.

(iv) The maximum deposit ceilings of Rs.3.00 lakh and Rs.6.00 lakh under the Post Office Monthly Income Account (POMIA) Scheme has been raised to Rs.4.50 lakh and Rs.9.00 lakh in respect of single and joint accounts respectively.

(v) Bonus at the rate of 5% on the deposits made under Post Office Monthly Income Account (POMIA) Scheme on or after 8th December, 2007 upon the maturity of the deposit,has been reintroduced.

(vi) The benefit of Section 80C of the Income Tax Act, 1961 has been extended to the investments made under 5-Year Post Office Time Deposits Account and Senior Citizens Savings Scheme, with effect from 01.04.2007.

(vii) Various measures are also taken to promote and popularize these schemes through print and electronic media as well as holding seminars and meetings, providing training to the various agencies involved in mobilizing collection in Small Savings Schemes etc.

(viii) A website of the National Savings Institute under Government of India, Ministry of Finance has also been launched to facilitate interface with the public through wider dissemination of information on small savings and on-line registration and settlement of investors grievances.The website address is nsiindia.gov.in.